

Are You Ready? A Checklist for the New Year



The start of every new year brings the promise of new beginnings. It's a time to think about setting new goals and resolving to do new things. If one of your resolutions is to find new and better ways to manage your finances and invest your money, then jump-start your efforts with the checklist that follows.

- **Increase Plan Contributions**

Are you contributing as much as you can afford to your retirement plan?

The more money you put into your plan now, the bigger your potential retirement nest egg. Adding as little as five or ten extra dollars per paycheck could make a big difference over the long term.

- **Make Catch-up Contributions**

Your plan may allow you to make “catch-up” contributions over and above the regular contribution limit if you are age 50 or older. If possible, take advantage of the opportunity to give your retirement savings a boost.

- **Perform a Risk Checkup**

Risk tolerance is your willingness to accept the risk that an investment may suffer a loss in exchange for the possibility that it will earn high returns. It's generally true in investing that the higher the level of risk, the greater the expected rate of return. You can measure your tolerance for investment risk by answering these questions: What is my age? How long do I have before I'll need the money? Can I handle investment losses? What impact would a big loss have on my future plans?

- **Rebalance Plan Investments**

The goal of rebalancing is to keep your overall portfolio in line with your risk tolerance and investment objectives. Your portfolio could become unbalanced if one or more of your investments does particularly well (or falls in value). For example, if your stock investments have been doing well, they might account for a higher percentage of your portfolio than you originally planned when you decided on an asset allocation. And you may be uncomfortable with the increased level of risk.

You can rebalance by transferring money from stock funds or portfolios into other asset classes, such as bonds and cash investments. Or you can invest more of your new contributions in the underrepresented asset classes until you achieve the allocation you want. Your online account can be set-up to rebalance your account automatically.

- **Check Tax Withholding**

If you get a large tax refund every year, too much money is being withheld from your paycheck. You are, in essence, providing the government with an interest-free loan. To change your withholding, ask your payroll department for a copy of IRS Form W-4. (Your state may have its own form.) Remember, you should have enough withheld to avoid underpayment penalties.

- **Create a Budget**

Keep track of where your money goes by creating a budget. Write down your basic monthly living costs — rent or mortgage payment; utility bills; insurance; college, car, and other loan payments; food; commuting; and so on. Subtract the total you spend on these recurring costs from your monthly net pay. The difference is the amount you have left for discretionary spending and for saving. With a budget in place, you'll be better able to see how much money you can free up for saving.

- **Take Control of Debt**

It's hard to get ahead when you're spending a lot of your income to pay down debts. Make this the year you make an extra effort to pay down as much of your consumer debt as you can. In general, it's a good idea to pay the highest interest-rate debt first.

- **Review Insurance Coverage**

Are you prepared for the unexpected? If not, make sure you have enough life and disability insurance coverage to protect your family and your finances should anything happen to you. The National Safety Council says that one in five people will be disabled for one year or longer before reaching age 65.

Working your way through this checklist will require a little time and effort on your part. But you can do it. And the rewards for you — and your finances — will certainly make it a smart use of your time.

Knox County Retirement & Pension Board

City-County Building
400 Main Street, Room 371
Knoxville, TN 37902-2409
(865) 215-2323
(865) 215-2421 (fax)
email: knoxcounty.retirement@knoxcounty.org

Downsize Your Retirement Costs



Got big plans for retirement? Do they include paring down your expenses? Looking for places to reduce costs is a good way to boost your spendable income. With a little effort, you could find substantial savings.

Get Out of Debt

Eliminating credit card and other personal debt is an important goal at any stage of your life, but it's especially important as you head into retirement. Even if you can't pay off all your debts before you retire, start by getting rid of the debts with the highest interest rates. Reducing high-interest-rate debt can potentially save you a substantial sum of money.

Go Smaller

Once your kids are out on their own, your home and yard may be bigger than you need. Moving to a smaller house or a less expensive area can save you money on upkeep, heating costs, and property taxes. You might also want

to investigate relocating to a state with lower taxes and a lower cost of living.

Retire Your Mortgage Payments

Even if moving isn't on your agenda, you can still reduce homeownership costs by paying off your mortgage before you retire. Owning your home free and clear can reduce your monthly expenses by a significant amount.

Review Your Insurance

You may be able to cancel certain types of insurance coverage once you retire. Unless you plan to continue working, you won't need disability insurance. And, if you purchased a life insurance policy specifically to replace your income or pay off your mortgage, you may not need the coverage after retirement or once you no longer have a mortgage.

2016 Annual Deferral Limits for 457 Plan

Under Age 50	\$18,000
50 and Over*	\$24,000

*If you are age 50 or above, you are eligible to do a catch-up contribution of up to an additional \$6,000 for a combined limit of \$24,000 for 2016.

Reminder

Reduce clutter and save time by taking advantage of online account statements. To stop receiving paper statements, call 866.305.8846 (enter plan code 524) and ask that your account be updated to paperless only.

Asset Accumulation Program Account Access Voice Response System: 1-800-828-4224 Online: www.usicg.com

If you are enrolled in a 457 plan other than the Knox County Voluntary 457 Plan, please contact your Plan Provider for your contributions and account balance.

Note: All 457 matches are deposited into your 401(a) Plan.

Securities offered to the Plan through USI Securities, Inc. Member FINRA/SIPC.
95 Glastonbury Blvd., Glastonbury, CT 06033 (860) 652-3239 USI Securities, Inc. is a wholly owned subsidiary of USI Consulting Group.

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